

# Arkansas Office of Recovery and Reinvestment

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## Executive Report



May 2010

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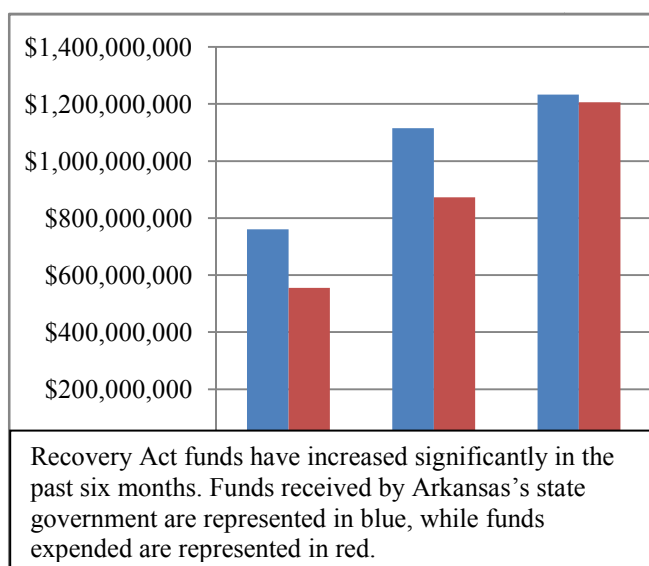
Recovery.Arkansas.Gov  
Keeping Arkansans at Work

Mike Beebe  
GOVERNOR OF ARKANSAS



### Introduction

Since the inception of the Recovery Act, Arkansas's state government has provided information to the federal government about how the American Recovery and Reinvestment Act (ARRA) funds have been expended in the state's economy. As another calendar quarter ends, Arkansas has once again updated Washington on the progress made in the implementation and oversight of this Act. Through this third executive summary, Arkansas is



also updating the taxpayers of the State, informing them about how Recovery Act investments have been used to support the state's economy during the beginning months of 2010.

Throughout the third quarter of this Act, Recovery programs have made significant progress with new programs beginning and older programs continuing to provide new

infrastructure, innovations, and assistance to the State. All over Arkansas, Recovery funds are being utilized to continue to sustain Arkansas's economy and its people.

### **Background**



As Governor Beebe stated in the first Executive Report, the American Recovery and Reinvestment Act is more than simply statistics and numbers. It is designed to stimulate the economy over the long term and direct investments to Arkansas and the rest of the country over the course of several years.

Since its passage last year, the Recovery Act has provided tax benefits to individuals and businesses, grants to local governments and organizations, and one-time payments through programs like Social Security. The Act is a broad, national effort to stimulate the country's economy through this current financial crisis, as well as to promote a stronger economy in the future. Additional information about the Federal Act can be found at <http://Recovery.gov>.

Upon Governor Beebe's agreement to participate in ARRA, Arkansas has strived to meet its obligations under the Act and to ensure that the funds are expended wisely and appropriately. As stated in previous reports, Arkansas is expected to receive approximately **\$3.17 billion** in federal grants and other investments as a result of ARRA. Arkansas must make quarterly reports to Washington about how and where Recovery Act funds have been expended. The third report, covering the first three months of 2010, was recently filed in compliance with ARRA regulations. The report showed that, as of March 31, 2010, Arkansas had been awarded **\$1,253,168,564** in Recovery Act funding and of that amount; **\$367,168,344** had been expended in the state's economy.

These figures do not include all of the ARRA funds that have been allocated to the State. Arkansas has also received increases to the benefits provided under Unemployment Insurance and to Arkansas's Medicaid program, along with direct allocations from the federal government to Arkansas entities and individuals. When these programs are included, the State has been awarded **\$2,332,826,710** in ARRA-related funding, and **\$1,205,806,323.79** has already been expended as of March 31, 2010.

### **Emphasis on Accountability**

A portion of the Recovery Act, Section 1512, requires every recipient of Recovery Act funds to provide data about how and where that money has been spent, including the name and description of the projects, how close each project is to completion, and the number of jobs created or saved.

At the time the Act was signed into law, Governor Beebe created the Governor's Recovery Cabinet and the Arkansas Recovery and Reinvestment Office to provide daily administration and oversight of the Act. The Governor also requires state agencies to track every Recovery Act dollar as it is drawn down from the federal government. In addition to those measures, the Governor also asks state agencies to meet an even higher standard of transparency and accountability than required by the Recovery Act itself.



**Steps Arkansas is taking to ensure accountability:**

- Information on every program or project funded by the Recovery Act is posted on the state's Recovery Web site.
- Creation of the Arkansas Recovery and Reinvestment Office by the Governor.
- Data on Recovery Act awards and spending is updated monthly.
- Every state agency involved with the Recovery Act has developed additional audit procedures to ensure compliance with federal standards.
- Each state agency has also developed individual Web sites dedicated to Recovery Act programs and projects.
- The Governor's Office reviews weekly Recovery Act spending reports and the Recovery Office monitors and provides oversight on an ongoing basis.
- NEW: Recovery Construction Inspectors provide additional oversight of ARRA-funded projects.

To adhere to these requirements, the Arkansas Recovery and Reinvestment Office, along with the Department of Finance and Administration, the Department of Education, and the Department of Higher Education, are coordinating the oversight of ARRA projects for schools, colleges and universities, state agencies, local government and non-profit organizations. Additional support staff, known as State ARRA Monitors, have been added to the oversight effort. Monitors will make statewide on-site visits to ARRA State Fiscal Stabilization Fund construction, modernization, renovation, and repair projects. They will review bidding documentation, contracts, certified payrolls, and all other ARRA documentation to ensure that the funds set aside for construction are being used for the approved projects. Further, the monitors will see that the projects are

being managed according to ARRA, state and local approved guidelines, and that there is a high level of transparency in business between all ARRA recipients, their contractors, and vendors.

In agreeing to participate in the Recovery Act, Governor Beebe asked that additional information be collected and made available for the people of Arkansas. The information provided in this report is intended to give a snapshot of how and



where the Recovery Act is having an impact in the State. The Web site, <http://Recovery.Arkansas.Gov>, serves as the central information hub for the Recovery Act in Arkansas. This Web site has played an integral role in providing the transparency required by the Recovery Act and by Governor Beebe. This virtual clearinghouse allows Arkansans to search and locate specific information related to the Recovery Act. In addition to the Web site, the Recovery Act Hotline was established to field questions related to the Act. The Hotline, 1-877-682-1515 or 501-683-5767, is staffed by trained state employees, who will continue to help answer questions about this important and complex piece of legislation. In addition to hosting a clearinghouse of information as it relates to ARRA, fraud and abuse can also be reported on Arkansas's Recovery Web site. The fraud and abuse reporting forms are intended to report any credible evidence that a principal employee, agent, contractor, subcontractor, or anyone else that has submitted a false claim or committed a criminal or civil violation of the law pertaining to fraud, conflict of interest, bribery, gratuity, or other similar misconduct involving the Recovery Act.



### **Jobs in Arkansas**

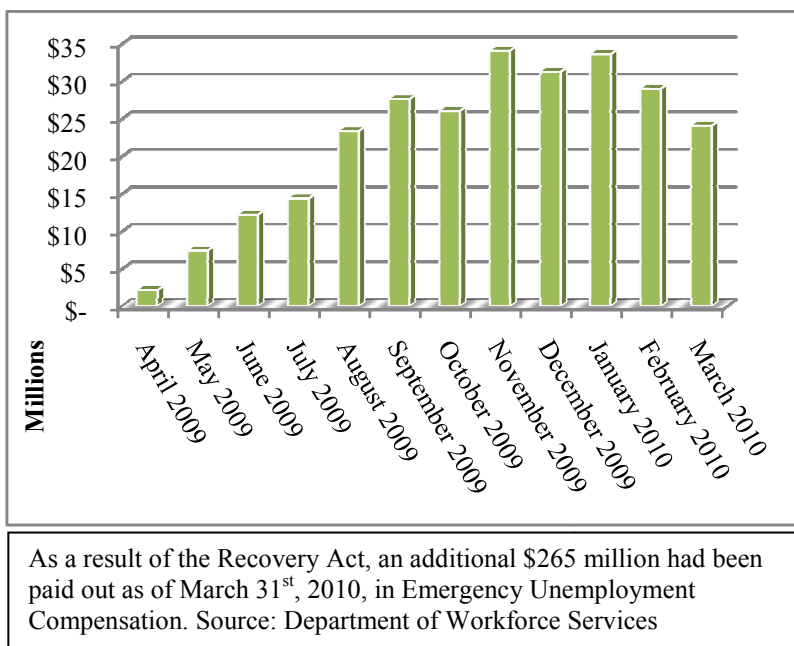
The Recovery Act was designed as a long-term attempt to revive the overall stability of the American economy and to assist with the creation of jobs. States are required to track the number of jobs created and saved as a result of programs funded by the Act.

Based on recent changes enacted by the federal Office of Management and Budget (OMB), job-creation

numbers are now based on the number of hours worked and funded by ARRA, divided by the number of hours in a full-time schedule. Due to these changes and the temporary nature of some Recovery Act jobs, it would be inaccurate to attempt to provide a cumulative calculation of the number of jobs created under the Recovery Act. Based on the updated calculations, the programs funded by the Recovery Act created **2,595 jobs** during the third reporting quarter of ARRA implementation.

Once again, the largest source of jobs came from funding for Arkansas's K-12 public schools. Education-related projects and programs funded by the State Fiscal Stabilization Fund, which was disseminated by the Arkansas Department of Education, created approximately **1,348 jobs** during the first three months of 2010.

Other programs that created significant numbers of jobs for Arkansans were overseen by the Department of Highway and Transportation, the Department of Human Services, and the Department of Workforce Services.



### **Signs of Progress**

As more funds are drawn down from our federal counterparts, several state agencies are beginning the process of implementing their remaining programs and projects. The first part of 2010 has seen an increase in Recovery Act spending all across the State



through various agencies. At the Arkansas Department of Human Services, the state's Weatherization Assistance Program, administered by Arkansas's 16 Community Action Agencies, continues to increase the number of homes weatherized across the State. This program has made homes more energy-efficient and less expensive to heat and cool, providing both immediate and long-term benefits for the residents of the State. According to the Department of Human Services, a total of 1,249 homes have been weatherized under the Recovery Act's Weatherization Assistance Program.

Through the Arkansas Department of Workforce Services, Unemployment Insurance is another program that continues to provide increased benefits for workers who have been laid off during the recent economic downturn. This includes both an extension of the maximum period a worker can receive benefits and a temporary, \$25 increase in benefits for those on unemployment. Similarly, the Recovery Act exempted unemployment benefits from federal income taxes. These benefits have proven to be critical to maintaining stability for Arkansans who have lost jobs during these tough economic times. Since March 2009, the Act has provided a total of \$429.5 million in additional benefits to Arkansas's Unemployment Insurance, according to the Arkansas Department of Workforce Services.

The Building Training Centers for Excellence, a recovery program managed by the Arkansas Economic Development Commission's State Energy Office, will provide two training centers within the State. Northwest Arkansas Community College in Fayetteville and Pulaski Technical College in North Little Rock have been selected to develop curricula based on national certification programs and provide instruction that will provide technical training to students to assess and improve the energy efficiency of residential buildings throughout the State.

**At a Glance:**

Mayflower High School's curriculum includes classes in biology and chemistry. But Mayflower's students have been using the same lab equipment and work benches for the past 30 years.

With funding from the Recovery Act, Mayflower has an opportunity to create significant change in the science education of the Mayflower school system.

"We had long ago identified the needs in our school system, and upgrading the science labs was already high on the list," Mayflower district Superintendent John Gray said.

Prior to the renovation, the high school had "one and a half labs". The equipment was insufficient and outdated, there wasn't enough storage, and there was only one white board.

An architect drew up plans to upgrade the two existing lab spaces and to convert a classroom into a third lab.

The high school's labs now include one used primarily for the study of biology, with the other two serving as general-purpose science labs.

Each is furnished with the latest science equipment, smart boards, new benches and new cabinetry with plenty of storage.

"Having good labs greatly increases the teachers' opportunities to prepare essential lab work and for the students to do experiments," said Steven Runge, Mayflower school board member and Dean of the College of Natural Sciences and Mathematics at the University of Central Arkansas.

"We've now provided our students and teachers with what they need. The teachers are excited to get in there and teach, and the students are excited to get in there and learn."

Added Runge, "What more could we ask for?"

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**Education**

Arkansas's public schools are benefiting significantly from ARRA funding, much of which has come from the State Fiscal Stabilization Fund (SFSF). While the SFSF was designed to help states dealing with significant budget deficits, Arkansas's state government has benefitted from conservative budgeting over the last several years. The cuts that have been made to the state budget in Arkansas are not as extreme as those suffered in other states, and as a result, funds made available from the SFSF can be used to improve the state's economy and support our institutions of education.

The Recovery Act's support for education will also flow through a variety of programs. Funding for Arkansas's public schools increased during the first three months of 2010, as school districts across

the State followed through on their state-approved plans for the use of Recovery Act funding. Altogether, 274 school districts and charter schools have been awarded a total of



**\$462.8 million** and, of that amount; **\$139.1 million** had been expended by March 31, 2010.

A complete list of the plans approved by the Department of Education can be found on the state's Recovery Web site at [http://recovery.arkansas.gov/ade/ade\\_reports.html](http://recovery.arkansas.gov/ade/ade_reports.html).

### **Highways and Infrastructure**

The Recovery Act increased funding for the nation's transportation infrastructure. The State of Arkansas has been projected to receive \$351,544,468 for highways and bridges and another \$28,000,000 for transit capital grants to improve highway safety and mobility. The



Arkansas Highway and Transportation Department's (AHTD) use of ARRA funds has been instrumental in providing opportunities for future growth and for maintenance of existing roadways.

By March 31, 2010, 55 different projects were completed covering 171.98 miles of Arkansas roads and highways.

*The Arkansas State Highway and Transportation Department continued making progress in Recovery Act-funded projects.*

	<u>As of Dec. 15, 2009</u>	<u>As of April 8, 2010</u>
Projects Let to Contract	<b><u>82</u></b>	<b><u>110</u></b>
Projects Completed	<b><u>52</u></b>	<b><u>55</u></b>

Highway projects funded by

ARRA cover a broad array of work, from simple rehabilitation projects and the construction and installation of traffic lights, to large-scale, long-term improvements to Arkansas's interstate highways. Some of the new projects begun during this quarter include improvement to 2.18

miles of U.S. Route 71 in Miller County, the improvement of traffic signals along U.S. Route 371 in Howard County, and the widening of U.S. Route 412 in Benton County. A complete list of Recovery Act-funded highway projects that are under way in Arkansas can be found on the Web page of the Arkansas State Highway and Transportation Department at: <http://www.arkansashighways.com/ARRA/arra2009.aspx#>.

### **Additional Projects**

While highways and schools are receiving a significant amount of Recovery funds, below are projects that are further impacting the State as the Recovery Act continues.

### **State Energy Program**

Awarded to State Energy Program as of 3/31/10: <b><u>\$39,416,000</u></b> Spent by State Energy Program as of 3/31/10: <b><u>\$1,316,500</u></b>
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The Recovery Act places a special emphasis on moving to a more energy-

efficient economy. To that end, a key component of Arkansas's effort is the State Energy Program (SEP), a grant program that is administered through a partnership between the U.S. Department of Energy and the Arkansas Economic Development Commission, allowing individual states to determine programs and projects that will focus on energy-efficient initiatives, lowering costs to individuals, businesses, and the state economy.



Projects begun under the State Energy Program include placement of efficient lighting in poultry houses across the State, an employer-assisted Home Energy Assistance Loan program, and a revolving loan fund to support the creation of sustainable building designs for state



Awarded to ENERGY STAR® as of 3/31/10: **\$2,740,000**

Spent by ENERGY STAR® as of 3/31/10: **\$0\***

\*Disbursement of funds begins in the next quarter

government. One of the highlighted State Energy Programs, the ENERGY STAR® Appliance program, also run by the State Energy Office, will provide rebates to residential Arkansans when they purchase qualifying ENERGY STAR units to replace existing models. The replacement of older appliances with more energy-efficient models saves families money while stimulating the economy. Appliance rebates will offset the premium of ENERGY STAR® refrigerators, clothes washers,

and certain hot-water heaters. Administrative and outreach support to this program is being funded by Energy Efficiency Arkansas, which is a partnership between the Arkansas Energy Office and the electric utility community.



### **Arkansas Health Center**



**Under the Recovery Act, a variety of new equipment has been provided to the Arkansas Health Center, including these beds and food-service equipment.**

has helped AHC upgrade essential kitchen equipment and provided new beds for residents. The funds were utilized by AHC to replace the outdated a re-thermalization food-cart system and upgrade outdated dietary equipment as well as provide new patient beds, which have not been replaced in 30 years.

The re-thermalization upgrades to the kitchen equipment will allow the staff at AHC to comply with necessary food preparation regulations and properly heat and cool meals for the residents. Safety was enhanced with the replacement of the beds at the facility. Instead of the outdated hand cranks formerly used, patient beds can now be raised and lowered with electronic controls. This project

The Arkansas Health Center (AHC) is a beneficiary of ARRA funds that just began to make expenditures during this third quarter. The AHC is the long-term-care facility run by the Arkansas Department of Human Services.

The AHC employs over 580 staff members and has 350 beds. Funding from the

Recovery Act

#### **At a Glance:**

The majority of AHC's residents suffer from mental illness, Alzheimer's disease, and traumatic brain injuries. The AHC population is younger than the populations in most nursing homes with an average age of 60, and many of the residents have medical issues, including extensive wounds. Many residents are admitted from other facilities, which are no longer able to meet the increasing needs of this complex population.

AHC is truly a last-resort facility for many residents and families with nowhere else to turn. Representatives from the Arkansas Department of Health and the Arkansas Recovery Office visited the AHC and toured their facility in March.

directly affects the quality of life experienced by the residents, and both AHC staff and residents have expressed that these upgrades have benefitted the Center.

### **ARRA AmeriCorps**

The Division of Volunteerism (DOV) promotes and supports volunteerism in the private, nonprofit, and government sectors as a means of solving

#### **At a Glance:**

Established in 1929, the Joseph Pfeifer Camp has been operated by Sanford Tollette for more than 30 years, and the camp is the only one in Arkansas licensed as a residential child-care facility through DHS. The AmeriCorps Joseph Pfeifer Camp, in the wooded hills of Pulaski County, provides a unique experience for youth. AmeriCorps members provide mentoring, tutoring, self-esteem enhancement, team building, and other services to more than 200 children over the course of this ARRA program.

AmeriCorps members are actively engaging youth and college students in service activities. Thanks to Recovery Act funding, these volunteers are able to provide environmental and economic education and engage children in educational services to improve classroom and citizenship skills.

problems for all Arkansans. The division, which is part of the Department of Human Services, has offered training, technical assistance, and information to all Arkansans since 1974. Recovery Act stimulus funding was awarded for the AmeriCorps program administered by the DOV and addresses a variety of needs from literacy intervention to community beautification. Also, Recovery Act funds have been utilized to address immediate needs in access to health care in the Delta region of the State.

ARRA Promise Fellows Funds is one such program that helps local communities provide five fundamental resources for youth: mentors,

safe places, a healthy start, marketable skills, and the opportunity to give back through service.

This year, alone, AmeriCorps will provide more than 690 individuals the opportunity to provide intensive, results-driven



service to meet the educational, environmental, health, and economic needs Arkansans in communities throughout the State.

### **Weatherization Assistance Program**

Funds Awarded to Weatherization Assistance as of  
3/31/10: **\$48,114,415**

Funds Spent by Weatherization Assistance as of  
3/31/10: **\$7,911,977**

The Weatherization Assistance Program  
(WAP), operated by the Division of County

Operations of the Department of Human Services, continues to provide energy conservation for the homes of low-income elderly, disabled, and others. The program works to stimulate the economy and to create and retain jobs. The WAP enables low-income Arkansans, who are below 200% of the federal poverty level, to permanently reduce their energy bills by making their homes more energy efficient. Weatherization assistance includes such services as replacing broken windows; caulking and weather stripping doors and windows; insulating ceilings, walls, and floors; installing storm windows and thermostats; and repairing and cleaning heating systems. During the third quarter of ARRA, a total of 606 homes received weatherization assistance, bringing the number of homes weatherized since the beginning of ARRA to **1,249**.



The Weatherization Assistance Program is helping improve energy efficiency in homes across Arkansas, including this dwelling in Northeast Arkansas



### **Recovery Site Visits**

Throughout the implementation of ARRA, members of the Arkansas Office of Recovery and Reinvestment have taken the opportunity to visit communities around the State that have benefitted from the Recovery. The 1512 Report that is submitted to the federal government communicates crucial data about monies awarded and expended in addition to jobs created and saved. What is missing from those reports are stories about people like Ms. Walker, a life-long resident of Osceola, Arkansas, who saw her electric bill go down this month because the Weatherization Assistance Program replaced her dilapidated windows and doors and installed new energy-efficient light bulbs. Visits to programs and projects in communities around the State provide an important perspective of the good work that has been made possible by ARRA. Below is a list of visits made by the Recovery office during this quarter.

#### **Arkansas Recovery Office Site Visits This Quarter**

<b>February 18, 2010</b>	<b>Visit to CDBG Project</b>	<b>Rector, AR</b>
<b>March 26, 2010</b>	<b>Visit to Arkansas Health Center</b>	<b>Benton, AR</b>
<b>March 29, 2010</b>	<b>Visit to Joseph Pfeifer Kiwanis Camp</b>	<b>Little Rock, AR</b>
<b>March 31, 2010</b>	<b>Visit to Crowley's Ridge Development Council, Inc.</b>	<b>Jonesboro, AR</b>
<b>March 31, 2010</b>	<b>Visit to Mississippi County</b>	<b>Blytheville, AR</b>
	<b>Arkansas Economic Opportunity Commission, Inc.</b>	

### **Conclusion**

Recovery funds will continue to be expended in the upcoming months, and future executive reports will highlight the progress of the work and the impact of Recovery Act investments in Arkansas. Arkansas's Recovery Web site will be updated to provide taxpayers with information on the progress of historic legislation. While the Act's total effect on

Arkansas's economy will be hard to qualify, the equivalent of 1,654 full-time jobs were created in the last three months of 2009, and 2,595 jobs were created in the first three months of 2010.

Throughout the remainder of the Recovery Act with nearly \$1.9 billion remaining to be invested across the State, Arkansas will work to ensure that the Act's programs continue to be run effectively and efficiently, that the taxpayer's investment in the economy is protected, and that fraud and abuse of Recovery Act funds are thwarted.